



THE
MATTESON
COMPANIES

Matteson Realty Services, Inc.

Matteson Real Estate Equities, Inc.

Matteson Management Services, Inc.

RA12

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AUG 14 2006

HNP DIVISION

August 9, 2006

Mr. Felix Reliford
Principal Housing Planner
City of Milpitas
455 E. Calaveras Blvd.
Milpitas, CA 95035-5411

RE: South Main Street & South Abel Street

Dear Mr. Reliford,

This letter is written regarding the mixed use residential project of approximately 126 units and 3,000 square feet of ground floor retail proposed by The Matteson Companies for the 2.72 acres located at the corner of South Main Street and South Abel Streets in Milpitas.

May this letter serve to indicate our Intent-to-Negotiate with the Milpitas redevelopment Agency (RDA) possible financial assistance through an Owner Participation Agreement to support the provision of Affordable Housing within our project that is greater in some respect(s) than 20% moderate-income priced units.

We understand that these negotiations do not legally bind either us as project proponent or the Milpitas RDA as financial assistance provider to necessarily provide either the level of affordable housing or the assistance discussed.

Sincerely,

Matteson Real Estate Equities

John Baer
Senior Vice President - Development

CC: Chris Wuthmann, Renew Properties